

ROUTING

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NATIONAL INTELLIGENCE DAILY CABLE

Monday December 6, 1976 CI NIDC 76-284C

NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Monday, December 6, 1976.

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The NID Cable is for the purpose of informing senior US officials.

25X1

CONTENTS

UK: Defense Spending Cuts

Page 1

25X1

IRAQ-USSR: Aircraft Deliveries

Page 3

25X1

25X1

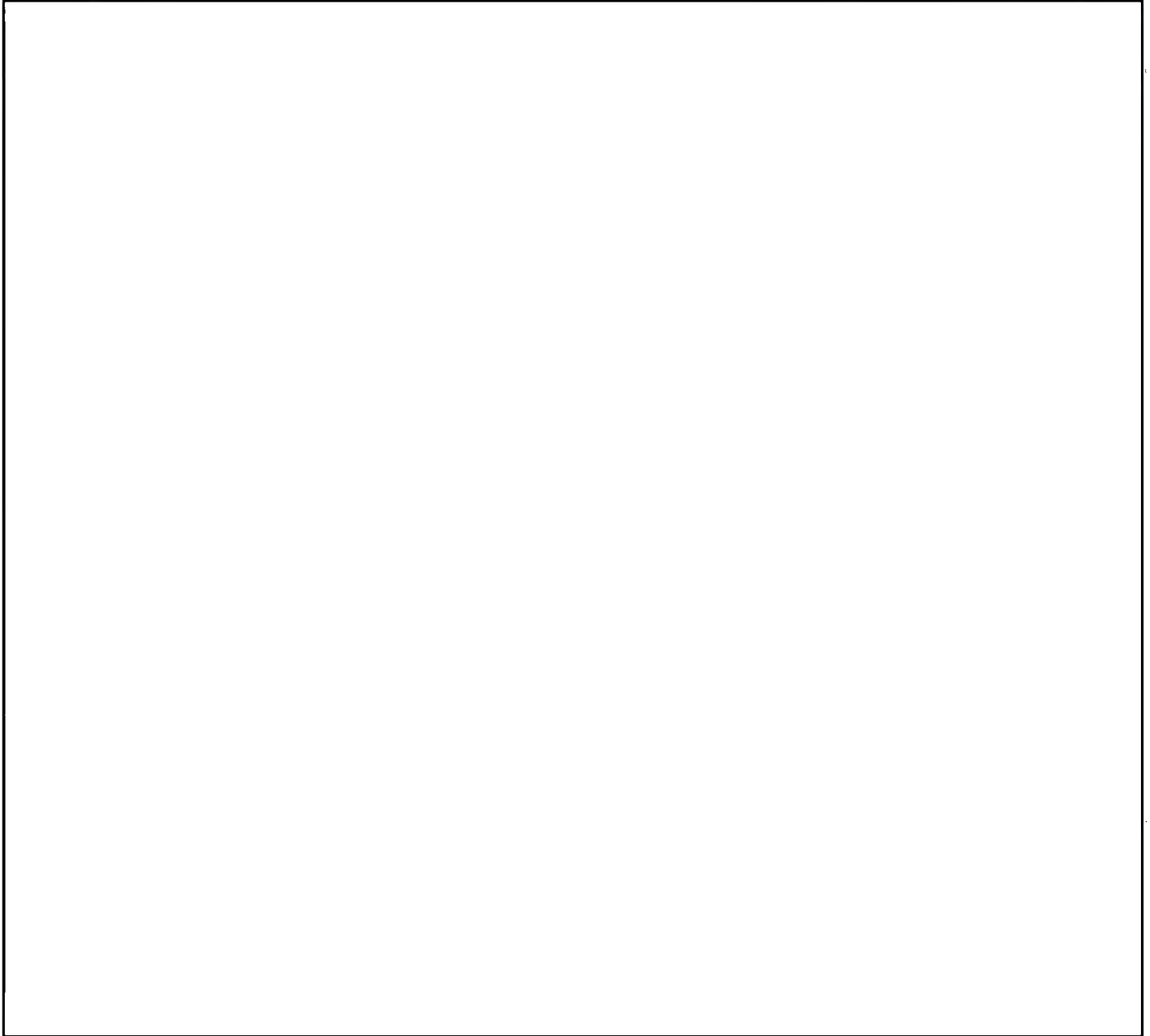
UK: Defense Spending Cuts

- 25X1 [] //Political and economic pressures will probably lead to another reduction in British defense spending next year.//
- 25X1 [] //As a condition for securing a \$3.9 billion credit from the International Monetary Fund, the Labor government is likely to agree among other things to make as yet unspecified reductions in the budget deficit. In any overall reduction in government spending, defense is certain to absorb its "fair" share.//
- 25X1 [] //Left-wing Laborites will insist that the government honor its election pledge to bring British defense spending into line with that of France and West Germany. The UK currently spends about 5.5 percent of its gross national product on defense, compared to 3.5 percent spent by France and 4 percent by West Germany.//
- 25X1 [] //The left will find allies for its demands in all sections of the party. Defense spending, one of the largest items in the national budget, is an attractive and vulnerable target in the cabinet battle going on over how to meet the terms for an IMF loan. The heads of the major departments are more likely to be preoccupied with fending off reductions in their own budgets than with warding off further cuts in defense.//
- 25X1 [] //Although there is vigorous ministerial resistance to sharp cutbacks in public spending, the cabinet apparently recognizes the need for some reductions in order to get the IMF credit, as well as to improve chances for an international guarantee for official sterling balances.//
- 25X1 [] //Lord Carrington, a senior Conservative Party leader and former defense minister, recently warned the Labor government that if the defense budget is cut further, Britain's national security would be endangered. Carrington pledged an all-out effort to oppose plans for additional reductions.//
- 25X1 [] //The Labor government has cut military spending four times since it returned to power in February 1974, and at least one more cut seems unavoidable. Defense Secretary Mulley

hopes the slash can be held to around \$80 million, but the new reductions could range up to \$165 million for fiscal year 1977-1978. [REDACTED]

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IRAQ-USSR: Aircraft Deliveries

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[REDACTED] //Iraq took delivery in late November of 20 Soviet jet aircraft, including 12 SU-7/20 fighter-bombers, the first aircraft of this type received from the USSR in more than two years.//

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[REDACTED]

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[REDACTED] //Soviet aircraft deliveries are at record levels in support of Iraq's ambitious air force expansion and modernization program.

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[REDACTED]

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